Manitoba

Annual Report 1988

Manitoba Mediation Board

89-04997/

Manitoba

Minister of Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

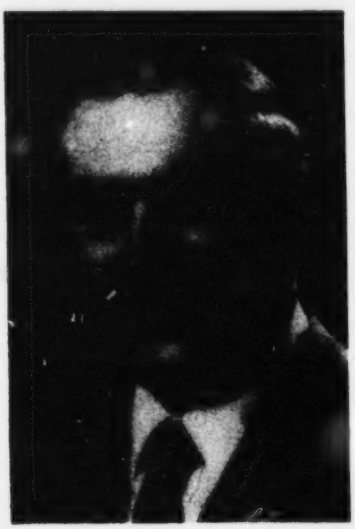
To His Honour
George Johnson
Lieutenant Governor for
the Province of Manitoba

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Mediation Board for the period April 1, 1987 to March 31, 1988.

Your obedient servant,

Glen M. Findlay
Minister



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Manitoba Mediation Board

600 – 491 Portage Avenue
Winnipeg, Manitoba, CANADA
R3B 2E4

Honourable Glen Findlay
Minister of Agriculture
165 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Findlay:

In accordance with the provisions of The Family Farm Protection Act, I have the honour to forward to you The Annual Report of the Manitoba Mediation Board for the fiscal year ending March 31, 1988.

Respectfully submitted,

W E Harrison

William E. Harrison
Chairman
Manitoba Mediation Board

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Manitoba Mediation Board

Introduction

The 1987/88 year's farm financial situation was highly stressful for many indebted farmers, particularly grain producers. The prices received on grain sales were not encouraging and operating losses were once again imminent. Farmers realized that changes were necessary for their farm to survive and creditors realized that changes were necessary in order to have repayment on their farm loans. In order to facilitate the development of the necessary changes, the services of the Manitoba Mediation Board were requested.

The Manitoba Mediation Board (the Board) received 334 applications in the year ended March 31, 1988, the fiscal year under review herein (seven applications were carried forward from 1986-87).

Background

The Family Farm Protection Act, which created the Board, was assented to by the Manitoba Legislative Assembly September 10, 1986. Parts 1, 2, 6, 7 and 8 were proclaimed on December 15, 1986 and Part 3 on February 9, 1987. Parts 4 and 5 are yet to be proclaimed.

The Act has five objectives:

1. to protect farmers against unwarranted loss of their farming operations during periods of difficult economic circumstances;
2. to preserve the agricultural land base of Manitoba and to ensure that farmland is farmed and managed during periods of difficult economic circumstances;
3. to preserve management skills of farmers during periods of difficult economic circumstances;
4. to preserve the human resources of the agricultural community of Manitoba;
5. to preserve the existing lifestyle of farm communities in Manitoba and the tradition of locally-owned and managed family farms.

The Family Farm Protection Act is the basis for facilitating improved communication between creditors and farm debtors, ensuring that individual farmers receive fair and consistent treatment.

Part III: Applications for Leave

One of the Board's main functions is to become involved in foreclosure proceedings. Under Part 3 of the Act, a lender who intends to foreclose on farmland must make application to the Court of Queen's Bench. Copies of the application must be served upon the farmer and the Manitoba Mediation Board.

After the Board has received its copy, it has up to 90 days to analyze the case, conduct a mediation panel meeting with the farmer and lender in the pursuit of achieving an alternative to foreclosure, and to prepare a report for the Court with copies sent to the farmer and the lender.

Part VI: Peer Advisory Panels

Under Part VI of the Act, a farmer or a creditor may apply to the Board to have a Peer Advisory Panel review the financial arrangements between the farmer and any or all of the creditors of the farmer. The purpose is to derive a settlement of the farmer's indebtedness or to arrange for payment to the creditors without mediation having to be initiated by legal proceedings.

Agreements Registered

During the fiscal year under review six agreements were registered under Section 30 (1) of the Act.

Structures and Duties

The Manitoba Mediation Board operates under the auspices of the Manitoba Department of Agriculture.

The Board was established under Section 3 (1) of the Family Farm Protection Act. The Board provides policy direction and guidelines and the members of the Board serve as Chairpersons on mediation panels.

A Peer Advisory Committee established under Part VI of the Act is comprised of active or recently retired successful farmers from all parts of the province. The members of this committee serve as panel members on mediation panels for cases under both Part III and Part VI of the Act.

Each panel consists of a minimum of three people, being two members from the Peer Advisory Committee and one member from the Board who acts as panel chairperson.

The panels enlist the services of a Farm Financial Advisor, who is a selected technical specialist from within the province of Manitoba. For this position the Board chooses from an approved list of specialists which includes individuals who are successful farmers, Manitoba Department of Agriculture's Farm Management Specialists or Agricultural Representatives, or others knowledgeable in farm management.

To provide operational and administrative support as well as technical assistance on policy issues and mediation cases, there is an office staff comprised of an Executive Director, three professionals and two secretaries.

Programs

In order to facilitate the establishment of financial agreements between farmers and their creditors, a special fund has been created by the Government of Manitoba. This fund is available through four different programs which may be included in a mediated settlement as below:

Program 1 — Guarantee of Loan Payments

When a lender writes down a loan to the lesser of 90% of the loan balance or the security value, the Board may provide an annual guarantee of loan payments for up to five years and to a maximum of $10,000 per year.

Program 2 — Guarantee of Lease Payments

In order to enable a farmer to continue to farm his/her usual land base, the Board may provide an annual guarantee of lease payments to the lender if the lender accepts title to land as full settlement of the farmer's indebtedness and then leases the land back to the farmer with an option to repurchase the land at a future date (when his/her financial position has improved). The maximum assistance is $10,000 per year for up to 5 years.

Program 3 — Guarantee of Security

The Board may guarantee land and building security at a value determined by the Board to protect the lender against security asset erosion for a maximum of $10,000 per year to a maximum of $50,000 over five years.

Program 4 — Operating Assistance During Program Entry

The Board may provide up to $10,000 to sustain an operation until assistance under Programs 1, 2 or 3 becomes effective. A farmer may be involved in more than one program. However, the maximum assistance per farmer in all programs is $50,000 over the five year term.

Progress

Table 1 shows the number of applications received by the Board, broken down by region and by type of application.

Table 1
Fiscal year ended March 31, 1988

Region	Northwest	Southwest	Central	Eastern	Interlake	Man. Total
Part 3	11	34	37	6	9	97
Part 6	75	61	57	20	24	237
Total	86	95	94	26	33	334

Table 2

Summary of Applications

Fiscal year ended March 31, 1988

A.	Applications Carried forward from 86/87	7
	Applications Received 87/88	334
	Total for Processing in 87/88	341
	Number of Applications completed 87/88	73
	Number of Applications in various stages of mediation	257*

**11 applications transferred from Part VI to Part III*

B.		Number	Percentage
	Number of Completed Applications	73	
	Number - Mediations not desired	11	
	Number Cases Mediated	62	100%
	I. Settlement achieved:	48	77%
	— Farm retained 38 — 61%		
	— Homesite retained 10 — 16%		
	II. No Settlement achieved:	14	23%

Table 3

Program Involvement

As At March 31, 1988

Year*	Program 1	Program 2	Program 3	Program 4	Total
YR.1	$117,005.00	$19,024.00	— —	$76,176.00	$212,205.00
YR.2	96,980.00	19,024.00	— —	— —	116,004.00
YR.3	91,180.00	19,024.00	— —	— —	110,204.00
YR.4	82,190.00	13,900.00	— —	— —	96,090.00
YR.5	76,180.00	13,900.00	— —	— —	90,080.00
TOTAL	$463,535.00	$84,872.00	— —	$76,176.00	$624,583.00

**Year 1 funds are committed. The funds for Years 2 - 5 are appropriated subject to annual renewal of guarantees.*

Appendix I

Manitoba Mediation Board Membership
(as at March 31, 1988)

Fred Tufford	Chairperson	Portage la Prairie
Marion McNabb	1st Vice-Chairperson	Minnedosa
Moray Clayton	2nd Vice-Chairperson	Winnipeg
Sally Cunningham	Member	Nesbitt
Bob Levenstein	Member	Winnipeg
John Loewen	Member	Steinbach
Jacie Skelton	Member	Sinclair
Tom Smart	Member	Ochre River
Bragi Simundson	Member	Arborg
Swain Westdal	Executive Director	Winnipeg